

Core Question 2: Is the organization in sound fiscal health?

The Financial Performance Framework, outlined in Core Question 2, gauges both near term financial health and longer term financial sustainability while accounting for key financial reporting requirements. During fiscal year 2013-14, Christel House commenced operations in anticipation of the opening of Christel House Academy West. Crowe Horwath, the school's auditor, included the activity of both Christel House Academy South and Christel House Academy West in its financial statements. This accountability report reflects disaggregated calculations of Christel House Academy South's financial position *only*.

2.1. Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?

Indicator Targets	Does not meet standard		The school does not meet standard on 2 or more of the five sub-indicators shown below.				
	Approaching standard		The school approaches standard for all 5 sub-indicators shown below, OR meet standard on 3 sub-indicators, while approaching on the remaining 2 OR meets standard on 4 sub-indicators, while not meeting standard for the final sub-indicator.				
	Meets standard		The school meets standard for 4 sub-indicators shown below, while approaching standard on the final sub-indicator.				
	Exceeds standard		The school meets standard for all 5 sub-indicators.				
School Rating	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	DNMS	AS					
Sub-indicator Ratings	Sub-	Sub-indicator targets				Result	Rating
	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%			96%	AS
		AS	Enrollment ratio is between 90 – 98%				
		MS	Enrollment ratio equals or exceeds 99%				
	February Enrollment Variance	DNMS	Enrollment ratio is less than or equal to 89%			96%	MS
		AS	Enrollment ratio is between 90 – 95%				
		MS	Enrollment ratio equals or exceeds 95%				
	Current Ratio	DNMS	Current ratio is less than or equal to 1.0			1.05	AS
		AS	Current ratio is between 1.0 – 1.1				
		MS	Current ratio equals or exceeds 1.1				
	Days Cash on Hand	DNMS	Days cash on hand is less than or equal to 30			29	DNMS
		AS	Days cash on hand is between 30-45				
		MS	Days cash on hand equals or exceeds 45				
	Debt Default	DNMS	Default or delinquent payments identified			N/A	MS
		MS	Not in default or delinquent				

Christel House Academy South approached standard for Core Question 2.1 for the 2013-14 school year.

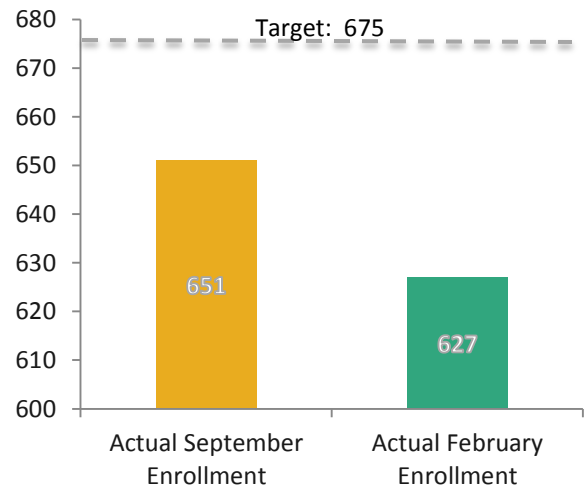
Based on data from the September 2013 count day, the school did not meet the enrollment targets stated in its charter agreement, enrolling 651 students, 24 students under the charter projected enrollment. As measured by the February Enrollment Variance, the school retained 96 percent of students from September count day to February count day. As a result, the school met standard for this sub-indicator.

The school had slightly more current assets than current liabilities (those due in the next 12 months) and thus approached standard for this sub-indicator.

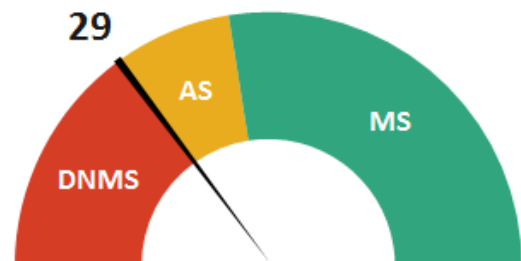
Christel House Academy South ended the year with 29 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2014, the school would have been able to operate for 29 more days. Based on this data, the school did not meet standard for this indicator.

Finally, the school has no long term debt, so by default Christel House Academy South met standard for debt default sub-indicator.

Enrollment Variance Ratio



Days Cash on Hand



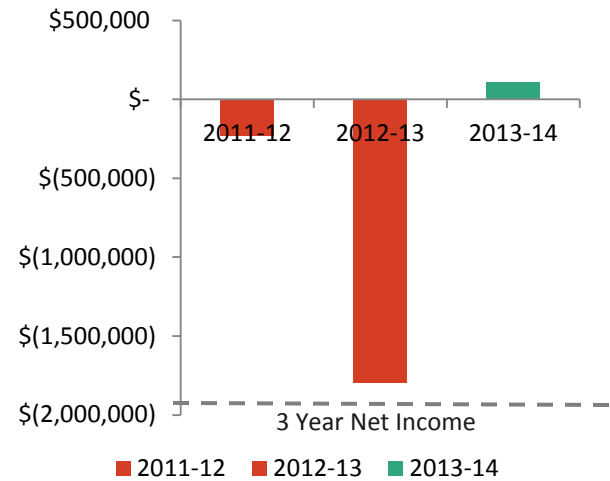
2.2. Long-term Health: Does the organization demonstrate long-term financial health?							
Indicator Targets	Does not meet standard		The school does not meet standard on any of the 3 sub-indicators OR meets standard on 1 sub-indicator but does not meet standard on the remaining 2.				
	Approaching standard		The school meets standard on 2 of the sub-indicators while not meeting on the third, OR approaches standard on all 3 sub-indicators.				
	Meets standard		The school meets standard on 2 of the sub-indicators and approaches standard on the third.				
	Exceeds standard		The school meets standard for all 3 sub-indicators.				
School Rating	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	AS	AS					
Sub-	Sub-	Sub-indicator targets				Result	Rating
	Aggregate Three-Year	DNMS	Aggregate 3-year net income is negative.			-\$1,918,883 (aggregate) \$109,310 (current year)	DNMS
		AS	Aggregate 3-year net income is positive, but most recent year is negative.				
		MS	Aggregate three year net income is positive, and most recent year is				
	Debt to Asset Ratio	DNMS	Debt to Asset ratio equals or exceeds .95			.69	MS
		AS	Debt to Asset ratio is between .9 - .95				
		MS	Debt to Asset ratio is less than or equal to .9				
	Debt Service Coverage (DSC) Ratio	DNMS	DSC ratio is less than or equal to 1.05			N/A	MS
		AS	DSC ratio is between 1.05-1.2				
		MS	DSC ratio equals or exceeds 1.2				

Christel House Academy South approached standard for Core Question 2.2 for the 2013-14 school year. The school did not meet standard for the net income sub-indicator. It had an aggregate negative three-year net income of - **\$1,918,883** and a positive current year net income of **\$109,310**. Overall, the school had a negative three-year net income because of a legislative change to funding that resulted from the Common School Loan forgiveness in fiscal year 2012-13. For the 2012-13 audit, had the auditors not factored in the “non operating loss” from the Common School Loan forgiveness legislation, the school would have had a positive net income of \$427,662 vs. - \$1,796,250 with the loss factor.

The school met standard on the debt to asset ratio sub-indicator. The school had a ratio of .69 meaning that its total assets exceeded its total debts.

Additionally, by default, Christel House Academy South met standard for the sub-indicator regarding debt service coverage ratio because the school has no long term debt.

Three-Year Net Income



2.3. Does the organization demonstrate it has adequate financial management and systems?							
Indicator Targets	Does not meet standard		The school does not meet standard on 1 of the sub-indicators.				
	Approaching standard		The school meets standards on 1 sub-indicator, but approaches standard for the remaining sub-indicator.				
	Meets standard		The school meets standard on both sub-indicators.				
School Rating	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	MS	DNMS					
Sub-indicator Ratings	Sub-indicator	Sub-indicator targets					Rating
	Financial Audit	DNMS	The school receives an audit with multiple significant deficiencies, materials weakness, or has an ongoing concern.				DNMS
		AS	The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.				
		MS	The school receives a clean audit opinion.				
	Financial Reporting Requirements	DNMS	The school fails to satisfy financial reporting requirements.				MS
		MS	The school satisfies all financial reporting requirements.				

Christel House Academy South received a rating of **does not meet standard** for Core Question 2.3 for the 2013-14 school year.

The school **did not meet standard** for its annual accrual based audit because its auditor Crowe Horwath identified a material weakness as well as a significant deficiency that was not considered to be a material weakness on its financial statements. Christel House Academy South responded to each finding, and will ensure sufficient staff and procedures are in place to rectify in the future. Crowe Horwath identified no material weaknesses or significant deficiencies for the OMB Circular A-133 portion of the audit. Although the school did not furnish Crowe Horwath with requested materials in a timely manner, and thus the auditors did not issue their draft report until March 4, 2015, Christel House Academy South ultimately **met standard** for its reporting requirements.